

weekly economic

review

April 19, 2013

Consumer Price Index (CPI)

Inflation remains subdued

Consumer prices in Alberta rose by 1.2% in March, with higher shelter (2.1%) and food prices (2.2%) contributing to the increase. CPI excluding food and energy was also 1.2%, suggesting that underlying inflation remains subdued.

Canada's inflation rate decreased to 1.0% in March mainly due to falling gasoline prices. Core CPI inflation was unchanged at 1.4%, remaining below the Bank of Canada's target of 2.0%.

Manufacturing Shipments

Manufacturing activity strengthens

Building on last month's increase, Alberta manufacturing shipments jumped to the highest level in fifteen months. Sales reached \$6.4 billion in February, advancing 1.4% year-over-year. Growth in sales was supported by strong increases in wood products (48.3%) and chemical (7.1%) shipments.

Resale Housing Market

Sales and prices continue upward trend

Activity in Alberta's existing home market was strong in March. The average resale home price was \$382,350, up 6.4% from March 2012. Sales of existing homes also rose year-over-year (1.2%), hitting 5,184. As a result, the sales-to-new listings ratio remained at 0.61, signalling sellers' market conditions.

Nationally, the resale market continued to cool in March. On a year-over-year basis, sales dropped 9.9% and the average resale home price was virtually unchanged at \$373,117. This was the eighth straight month of decreasing sales at the national level.

Job Vacancies

Alberta's job vacancy rate remain high

Alberta's job vacancy rate averaged 2.4% between November 2012 and January 2013. This was down from the previous reading of 2.6%, but remained the second highest among provinces and significantly above the national rate of 1.4%. Over the same time period, there were 2.0 unemployed people for every job opening in Alberta, much lower than the national average of 6.5.

Global Economy

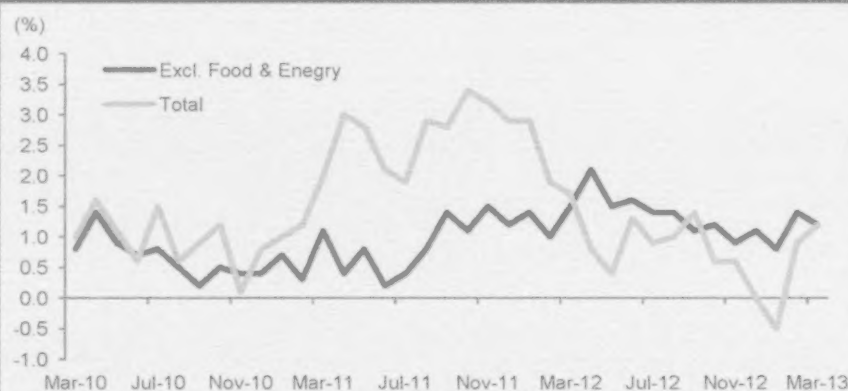
IMF cuts 2013 global growth forecast amid lower short-term risks

In its latest World Economic Outlook, the IMF downgraded world growth estimates once again. World growth is now forecast at 3.3% this year and 4% in 2014. Growth will continue to be led by emerging markets, while advanced economies struggle to find traction. On the positive side, recent policy actions have reduced the short term risks of a Eurozone breakup or a sharp fiscal contraction in the US.

Canadian growth to slow, Bank of Canada overnight interest rate remains at 1%

The IMF and the Bank of Canada (BoC) both lowered growth forecasts of the Canadian economy to 1.5% this year. According to the BoC, the slowdown in growth started last year due to a substantial contraction in oil related exports. The BoC expects growth to accelerate through the second half of 2013 to hit 2.8% in 2014, up slightly from their January forecast. With slowing growth and tepid inflation, the BoC maintained its overnight lending rate at 1%.

Alberta CPI Inflation Rate



Source: Statistics Canada

Closing Price	April 11, 2013	April 18, 2013	2013-14 Fiscal YTD
Canadian Dollar (US\$/C\$)	98.94	97.51	98.26
WTI Oil (\$US/bbl)	93.51	87.73	92.99
NYMEX Natural Gas (\$US/MMBtu)	4.14	4.40	4.10

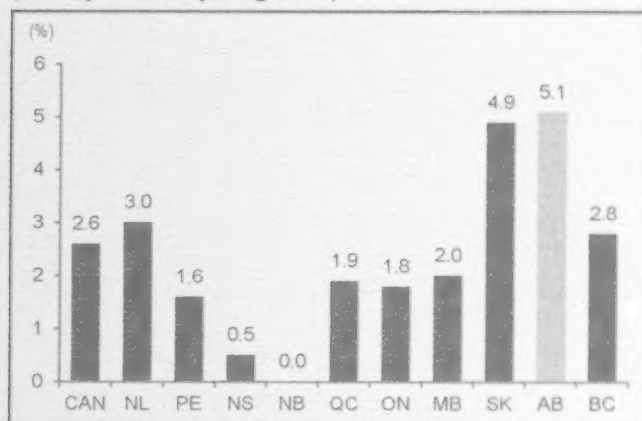
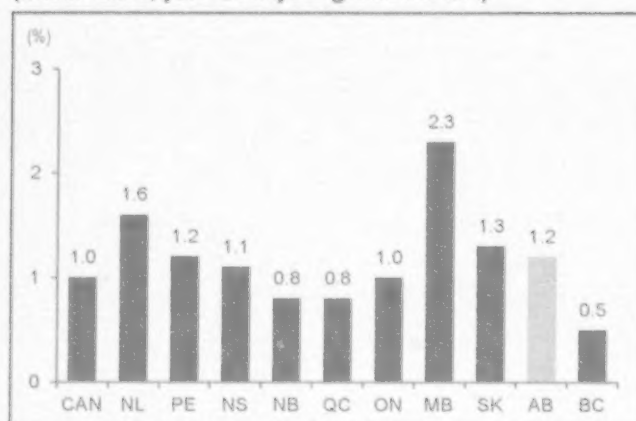
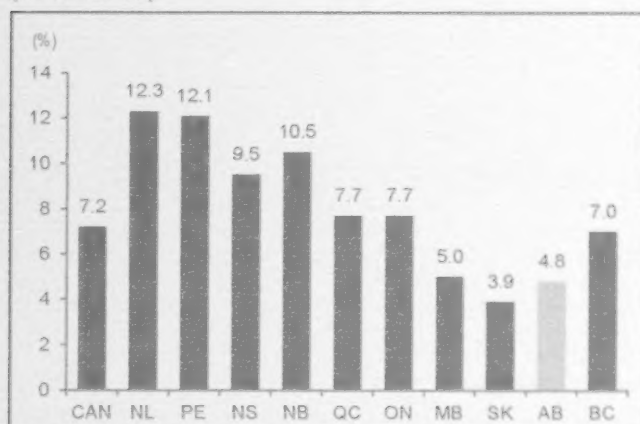
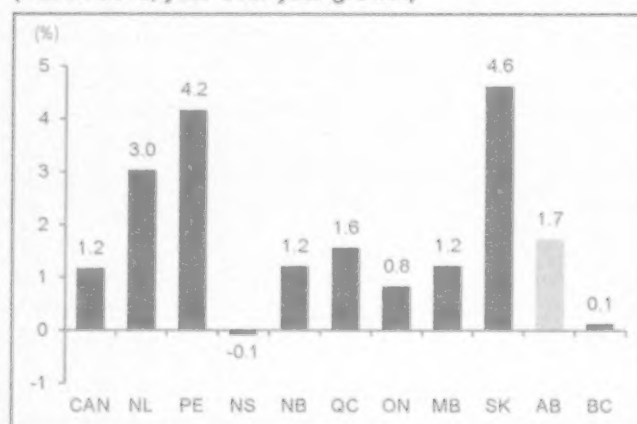
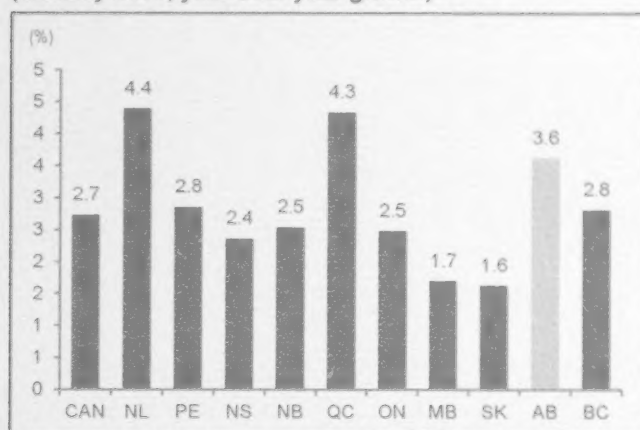
Alberta Economic Indicators

Population	2011	2012	2013YTD	Oct	Nov	Dec	Jan	Feb	Mar
Population (000's)	3,778	3,874	3,931	3,907	—	—	3,931	—	—
y/y % change	1.5	2.5	3.0	2.9	—	—	3.0	—	—
Net Interprovincial Migration ¹	8,443	28,170	25,448	13,915	—	—	11,533	—	—
Net International Migration ¹	16,703	37,990	17,105	10,809	—	—	6,296	—	—
Net Non-permanent Residents ¹	7,604	9,721	2,813	3,946	—	—	1,133	—	—
Labour Market									
Employment (000's), SA	2,094	2,150	2,174	2,162	2,170	2,165	2,175	2,179	2,168
y/y % change	3.8	2.7	2.0	1.8	1.9	1.5	1.9	2.5	1.7
Unemployment Rate (%), SA	5.5	4.6	4.6	4.4	4.2	4.5	4.5	4.5	4.8
Participation Rate (%), SA	73.7	73.4	72.8	73.1	73.0	72.9	72.9	72.9	72.6
Average Weekly Earnings (\$), SA	1,035.70	1,072.75	1,090.33	1,090.61	1,091.24	1,095.14	1,090.33	—	—
y/y % change	4.4	3.6	3.6	4.2	4.4	3.9	3.6	—	—
Price Indices									
NEW: Consumer Price Index (y/y % change)	2.4	1.1	0.5	0.6	0.6	0.0	0.5	0.9	1.2
Excluding food and energy	0.8	1.3	1.1	1.2	0.9	1.1	0.8	1.4	1
Non-Res. Building Cons. Price Index ² (y/y % change)	3.4	3.8	—	—	—	3.0	—	—	—
Farm Product Price Index (y/y % change)	18.0	4.4	—	1.2	2.0	2.7	—	—	—
Crops	19.3	1.9	—	3.5	3.0	4.3	—	—	—
Livestock	16.7	6.7	—	-0.9	1.3	1.4	—	—	—
Household Sector									
Housing Starts (SAAR, 000's)	25.7	33.4	33.7	33.7	39.9	30.2	30.9	35.3	34.9
y/y % change	-5.1	29.9	8.1	-0.2	32.8	-5.5	-18.1	10.6	-1.4
New Housing Price Index ³ (y/y % change)	0.4	1.3	2.4	1.6	1.7	1.9	2.2	2.6	—
Edmonton	0.9	0.9	0.9	0.8	0.8	1.0	0.9	1.0	—
Calgary	-0.1	1.7	3.8	2.4	2.8	3.1	3.3	4.3	—
NEW: MLS Average Resale Prices (\$ 000's)	352.7	362.0	376.7	369.5	370.7	372.2	367.6	380.1	382.4
y/y % change	0.5	2.6	5.8	3.9	4.2	5.2	6.6	4.5	6.4
Edmonton (\$ 000's)	324.2	332.7	345.2	336.8	343.0	345.9	337.6	344.0	354.0
y/y % change	-0.7	2.6	3.8	2.0	5.3	4.4	1.6	2.8	7.0
Calgary (\$ 000's)	401.9	410.8	431.4	421.4	419.3	436.0	422.5	436.7	435.0
y/y % change	1.1	2.2	8.1	3.5	3.1	8.9	12.4	5.7	6.6
Retail Sales, SA (y/y % change)	-6.9	7.6	-2.9	6.0	4.1	2.4	2.9	—	—
NEW: New Motor Vehicle Sales (y/y % change)	9.6	10.6	5.0	9.1	2.6	-0.7	3.6	6.5	—
Consumer Bankruptcies	7,029	5,759	446	489	420	346	446	—	—
y/y % change	-13.8	-17.3	-13.7	-5.0	-27.2	-28.4	-13.7	—	—
Business Sector									
Rigs Drilling	286	260	365	236	258	287	358	422	306
y/y % change	30.4	-12.6	-8.5	-29.6	-21.8	-16.6	-8.2	-8.1	-9.4
Goods Exports, customs based (y/y % change)	18.4	1.7	1.2	6.7	2.8	13.1	0.5	2.0	—
Energy	19.2	2.0	1.8	8.6	1.4	-16.9	-0.1	4.0	—
Farm, Fishing and Intermediate Food	27.2	20.6	5.2	28.3	6.3	20.0	3.8	6.7	—
Farm Cash Receipts (quarterly, y/y % change)	15.2	15.0 (YTD)	—	—	—	—	—	—	—
NEW: Manufacturing Shipments, SA (y/y % change)	18.1	5.5	1.5	1.2	-5.4	-4.0	1.6	1.4	—
NEW: Wholesale Trade, SA (y/y % change)	14.7	10.9	5.1	3.8	5.1	3.7	3.6	6.5	—
Building Permits, SA (y/y % change)	11.8	14.8	22.6	25.0	44.7	-5.4	24.7	20.9	—
Residential	5.2	18.2	15.2	14.5	23.3	2.2	21.2	9.8	—
Non-residential	20.9	10.7	33.7	42.0	78.4	13.0	30.6	35.9	—
Business Bankruptcies	264	230	10	18	15	16	10	—	—
y/y % change	-30.2	-12.9	-50.0	-40.0	-21.1	-11.1	-50.0	—	—

¹ Quarterly; annual numbers are presented on a census year basis (July 1—June 30)
² Quarterly; average of Calgary and Edmonton
³ Average of Calgary and Edmonton
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate.

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

Real GDP Growth by Expenditure
(2011, year-over-year growth)CPI Inflation
(March 2013, year-over-year growth in CPI)Unemployment Rate
(March 2013)Employment
(March 2013, year-over-year growth)Average Weekly Earnings
(January 2013, year-over-year growth)Housing Starts
(March 2013, SAAR, year-over-year growth)